A Guide to
Required Minimum Distributions (RMDs)

Once you reach a certain age, the IRS requires you to withdraw a minimum amount annually from your tax-deferred retirement accounts, such as traditional IRAs and 401(k)s.

These withdrawals, known as **Required Minimum Distributions (RMDs)**, are subject to income tax and are designed to ensure that retirement savings are eventually taxed.

Key Facts About RMDs

Starting Age: RMDs begin at age 73 (for individuals born in 1951 or later, per SECURE 2.0 Act). RMDs begin at age 75 for those born in 1960 or later. If you were born before 1951, your RMDs may have started earlier.

Calculation: The RMD is determined by dividing the prior year's December 31st retirement account balance by a life expectancy factor provided in the IRS Uniform Lifetime Table.

Penalty for Non-Compliance: If you fail to take your RMD, you may face a penalty of 25% (or 10% if corrected within the correction window) on the amount not withdrawn.

Multiple Accounts: If you have multiple retirement accounts, you must calculate RMDs separately for each, but IRA RMDs can be aggregated and withdrawn from one or more accounts.

First RMD Deadline: Your first RMD must be taken by April 1 of the year after you turn 73. Subsequent RMDs are due by December 31 each year.

Planning Considerations

Tax Strategies: Consider Roth conversions, Qualified Charitable Distributions (QCDs), or strategic withdrawals to manage tax liability.

Reinvestment Options: If you don't need the RMD funds for living expenses, consider reinvesting them in a taxable brokerage account.

Required Minimum Distributions (RMDs)

Withdrawal Percentage by Age

Age	Life Expectancy Factor	Withdrawal Percentage
72	27.4	3.65%
73	26.5	3.78%
74	25.5	3.92%
75	24.6	4.07%
76	23.7	4.22%
77	22.9	4.37%
78	22	4.55%
79	21.1	4.74%
80	20.2	4.96%
81	19.4	5.15%
82	18.5	5.41%
83	17.7	5.65%
84	16.8	5.95%
85	16	6.25%
86	15.2	6.58%
87	14.4	6.94%
88	13.7	7.30%
89	12.9	7.75%
90	12.2	8.20%

This table is used for lifetime required distributions. Most IRA owners will use this table, but there is one exception. If the spouse is the sole beneficiary for the entire year AND is more than 10 years younger than the IRA owner, do not use this Uniform Lifetime Table. Instead, use the actual ages of both spouses based on the Joint Life Table. This will result in a longer life expectancy and a smaller required distribution.

Provided for informational purposes only.